



BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

12/16/20
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Order Instituting Rulemaking to
Review, Revise, and Consider
Alternatives to the Power Charge
Indifference Adjustment

Rulemaking 17-06-026

**ASSIGNED COMMISSIONER'S AMENDED
SCOPING MEMO AND RULING**

Summary

Pursuant to Public Utilities Code § 1701.1 and Article 7 of the Commission's Rules of Practice and Procedure,¹ this Amended Scoping Memo and Ruling adds the following issues to the scope of Phase 2 of this proceeding:

- 1) Should the Commission remove or modify the Power Charge Indifference Adjustment (PCIA) cap?
- 2) Should the Commission modify deadlines or requirements of Energy Resource Recovery Account (ERRA) and PCIA related submittals and reports in order to increase time for parties to review PCIA data and to facilitate timely implementation of decisions in the ERRA proceedings?
- 3) Should the Commission adopt a methodology for crediting or charging customers who depart from the utility service during an amortization period and who are responsible for a balance in the PCIA Undercollection Balancing Account, the Energy Resource Recovery Account, or any other bundled generation account?
- 4) Should the Commission consider any other changes necessary to ensure efficient implementation of PCIA issues within ERRA proceedings?

¹ California Code of Regulations, Title 20, Division 1, Chapter 1; hereinafter, Rule or Rules.

Parties are directed to file responses to the questions listed in Attachment A. Comments and responses to the questions may be filed and served no later than January 22, 2021. Reply comments may be filed and served no later than February 5, 2021.

The Scoping Memo issued in this proceeding on February 1, 2019 established a 24-month deadline for completing Phase 2 of this proceeding. To complete the tasks within the scope of Phase 2 and to address the additional issues, the statutory deadline is extended to June 30, 2022.

1. Procedural Background

The Commission initiated Rulemaking (R.) 17-06-026 on June 26, 2017 to review the PCIA methodology. Track 1 of R.17-06-026 examined issues regarding exemptions from the PCIA for the investor-owned utilities' California Alternate Rates for Energy (CARE) and Medical Baseline customers. The Commission resolved these issues in Decision (D.) 18-07-009 and D.18-09-013. Track 2 examined the then-current PCIA methodology and considered alternatives to that mechanism. The Commission resolved those issues in D.18-10-019, thus concluding Phase 1. D.18-10-019 also determined that a second phase of this proceeding would be opened in order to establish a working group process to enable parties to further develop proposals for future consideration by the Commission.

On December 19, 2018, a prehearing conference was held to discuss the scope and schedule of Phase 2. Subsequently, the February 1, 2019 Scoping Memo and Ruling of Assigned Commissioner (Scoping Memo) set forth the scope and schedule of the proceeding.

This Amended Assigned Commissioner’s Scoping Memo and Ruling (Amended Scoping Memo) adds issues to the scope of Phase 2 to reconsider certain matters that were resolved by D.18-10-019 and revise the schedule of the proceeding.

2. Discussion

As described below, the scope of Phase 2 is amended to address issues stemming from unanticipated volatility in the Portfolio Allocation Balancing Account (PABA) and to consider other implementation matters raised by staff and stakeholders in this proceeding.

PABA is a balancing account established by each investor-owned utility (IOU) to track billed revenues, generation resource costs, net California Independent System Operator market revenues associated with energy and ancillary services, and revenues associated with the renewable energy adder and the resource adequacy capacity in each vintaged portfolio.² D.18-10-019 created a cap that limits increases to the PCIA rate for each vintage to 0.5 cents/kilowatt hour (kWh) above the prior year’s rate in order to limit PCIA rate volatility.³ Due to this cap, PCIA amounts that exceed the cap are tracked in separate interest-bearing balancing accounts, called PCIA Undercollection Balancing Accounts (PUBA, or CAPBA in the case of SDG&E).

While the term “undercollection” is used to refer to PUBA balances and trigger applications, and in D.18-10-019, this is a misnomer; PUBA only tracks the amounts that exceed the cap, were collected from bundled load, and must

² D.18-10-019 at Ordering Paragraph 7.

³ D.18-10-019 at Ordering Paragraph 9.

ultimately be correctly recovered from departed load and returned to bundled load.

PABA undercollections and any amount that exceeds the PCIA cap tracked in the PUBA must be recovered from Community Choice Aggregator (CCA) and Direct Access (DA) customers through PCIA rates or surcharges. The accuracy of the entries in the vintaged PABA subaccounts is reviewed in each utility's annual ERRRA compliance proceeding.

D.18-10-019 also adopted a “trigger” mechanism to provide oversight of PCIA collections and balancing accounts. The PCIA trigger threshold is 10 percent of forecast PCIA revenues. If the IOUs reach 7 percent, and forecast that the balance will reach 10 percent, they must file expedited applications within 60 days that propose a revised PCIA rate that will bring the projected account balance below 7 percent and maintain the balance below that level until January 1 of the following year.⁴

There is concern over increasing undercollections in PABA of each investor-owned utility. One of the factors contributing to growing PCIA undercollections in PABA is the PCIA cap. The 0.5 cent/kWh cap has not been high enough to allow IOUs to recover PCIA-eligible costs through vintaged PCIA rates; all three IOUs recorded significant undercollections in 2020. If the cap continues to be reached, the situation will be exacerbated by undercollections from previous years, which are incorporated in the following year's revenue requirement but cannot be collected. In 2020, each IOU submitted a PCIA trigger

⁴ D. 18-10-019 at Ordering Paragraph 10.

application to seek recovery of undercollections.⁵ The continuous increase in undercollections requires a review and reconsideration of the PCIA cap.

In addition, the scope of this proceeding is amended in order to address certain matters that have been raised in PCIA trigger and ERRA forecast proceedings, and to improve PCIA and ERRA filings alignment.

3. Amended Scope

The scope of this proceeding is amended to add the following issues as discussed in Section 2 above:

- Should the Commission remove or modify the PCIA cap?
- Should the Commission modify deadlines or requirements of ERRA and PCIA related submittals and reports in order to increase time for parties to review PCIA data and to facilitate timely implementation of decisions in the ERRA proceedings?
- Should the Commission adopt a methodology for crediting or charging customers who depart from the utility service during an amortization period and who are responsible for a balance in the Portfolio Allocation Balancing Account, PCIA Undercollection Balancing Account, the Energy Resource Recovery Account, or any other bundled generation account?
- Should the Commission consider any other changes necessary to ensure efficient implementation of PCIA issues within ERRA proceedings?

⁵ Application (A.) 20-10-007 Expedited Application of Southern California Edison Company Regarding PCIA Trigger; A. 20-09-014 Expedited application of Pacific Gas and Electric Company Under the PCIA Trigger; A.20-07-009 Expedited Application of San Diego Gas & Electric Company Under the PCIA Account Trigger Mechanism.

To begin to develop a record on these issues, parties are directed to file responses to the questions listed in Attachment A. Comments and responses to the questions may be filed and served no later than January 22, 2021. Comments may not exceed 20 pages. Reply comments of not more than 15 pages may be filed and served no later than February 5, 2021.

4. Need for Evidentiary Hearing

As ruled in the previous scoping memo, this amended scoping memo affirms that evidentiary hearings are not required at this time. We will continue to use rulings and party comments and, if necessary, workshops to develop the record for this proceeding.

5. Schedule

The following schedule is adopted here and may be modified by the Administrative Law Judge (ALJ) as necessary to promote the efficient and fair resolution of the Rulemaking.

Event	Date
Comments to the questions in Attachment A filed	1/22/2021
Reply comments to the questions in Attachment filed	2/5/2021
Proposed decision	Q2 2021
Commission decision	<i>no sooner than 30 days after PD</i>

The Scoping Memo issued in this proceeding on February 1, 2019 established a 24-month deadline for completing Phase 2 of this proceeding. To complete the tasks within the scope of Phase 2 and to address the additional issues, the statutory deadline is extended to June 30, 2022. This deadline may be extended by order of the Commission.⁶

If there are any additional workshops in this proceeding, notice of such workshops will be posted on the Commission's Daily Calendar to inform the public that a decision-maker or an advisor may be present at those meetings or workshops. Parties shall check the Daily Calendar regularly for such notices.

6. Category of Proceeding and
Ex Parte Restrictions

The initial Scoping Ruling determined the category of Phase 1 of this proceeding to be ratesetting. The category of Phase 2 of this proceeding is also determined to be ratesetting. The determination made in the previous scoping memo is maintained.

In a ratesetting proceeding such as this one, ex parte communications with the assigned Commissioner, other Commissioners, their advisors and the ALJ are only permitted as described at Public Utilities Code § 1701.3(h) and Article 8 of the Rules.

7. Intervenor Compensation

Pursuant to Public Utilities Code Section 1804(a)(1), a customer who intends to seek an award of compensation must file and serve a notice of intent to claim compensation in 30 days after the prehearing conference.

⁶ California Public Utilities Code § 1701.5(a).

Because this amended scoping memo does not set out new issues, the deadline for filing notices of intent to file for intervenor compensation is not reset by this amended scoping memo.

8. Public Advisor

Any person interested in participating in this proceeding who is unfamiliar with the Commission's procedures or has questions about the electronic filing procedures is encouraged to obtain more information at <http://consumers.cpuc.ca.gov/pao/> or contact the Commission's Public Advisor at 866-849-8390 or 866-836-7825 (TTY), or send an e-mail to public.advisor@cpuc.ca.gov.

9. Assignment of Proceeding

Martha Guzman Aceves is the assigned Commissioner and Nilgun Atamturk is the assigned ALJ for the proceeding.

IT IS RULED that:

1. The scope of Phase 2 of this proceeding is amended to include the issues listed in "Section 3. Amended Scope" of this ruling.
2. Parties may file and serve comments in response to the questions listed in Attachment A by no later than January 22, 2021.
3. Parties may file and serve reply comments in response to the questions listed in Attachment A by no later than February 5, 2021.

4. The statutory deadline of this proceeding is extended to June 30, 2022.
This order is effective today.

Dated December 16, 2020, at San Francisco, California.

/s/ MARTHA GUZMAN ACEVES

Martha Guzman Aceves
Assigned Commissioner

ATTACHMENT A

QUESTIONS

The Power Charge Indifference Adjustment (PCIA) Cap

- 1) Should the Commission remove or raise the PCIA cap? Please provide rationale for your answer.
- 2) If you think the PCIA cap should be raised, explain by how much it should be raised and provide rationale for your answer.
- 3) Would removal of the PCIA cap have an impact on Community Choice Aggregators' or Electric Service Providers' overall financial viability? Please provide a financial analysis to demonstrate the impact.
- 4) What principles or other factors should inform the Commission's consideration of any modifications to the cap and trigger process?

The following questions regard potential modifications or clarifications to the PCIA cap, if the cap were to be maintained.

- 5) The investor-owned utilities must file expedited applications for approval in 60 days from the filing date when the trigger balance reaches 7% of forecast PCIA revenues.
 - a. Should the Commission revisit the 60-day timeframe?
 - b. Are there other modifications to the PCIA trigger mechanism that the Commission should consider, such as revisiting the PCIA trigger amount currently set to 10 percent of forecast PCIA revenues? If so, explain in detail the proposed modification and provide rationale for your answer.
- 6) Should the PCIA cap be applied to the prior year's forecast PCIA rate, or each prior year's final PCIA rate that includes the true-up recorded actuals for energy and the Commission-issued final Resource Adequacy (RA) and Renewables Portfolio Standard (RPS) adders? Provide rationale for your answer.
- 7) Should the Commission adopt a methodology for crediting or charging customers who depart from the utility service during an amortization period and who are responsible for a balance in the PCIA Undercollection Balancing Accounts, the Energy Resource Recovery Account (ERRA), or any other bundled generation account? Explain in detail what methodology you recommend and provide rationale for your answer.

Improving PCIA and ERRA Alignment

- 1) How should the Commission modify the deadlines and requirements of ERRA and PCIA-related submittals and reports in order to increase time for parties to review PCIA data while facilitating

an ERRA implementation on January 1 of each year? Explain in detail the proposed modification and provide rationale for your answer.

- 2) Should Commission's Energy Division release the Market Price Benchmarks (MPBs) earlier than November 1 of each year? If yes, what is a reasonable date and why?
- 3) Are there any other procedural or information sharing related modifications the Commission should consider to support more efficient implementation of PCIA issues within ERRA proceedings?

(END OF ATTACHMENT A)